

HOUSE JOINT RESOLUTION 72

By Dennis

A RESOLUTION to propose an amendment to Article II, Section 24, of the Constitution of the State of Tennessee, relative to governmental fiscal responsibility.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE ONE HUNDRED SEVENTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE SENATE CONCURRING, that a majority of all the members of each house concurring, as shown by the yeas and nays entered on their journals, that it is proposed that Article II, Section 24, of the Constitution of the State of Tennessee be amended by deleting the following paragraph:

In no year shall the rate of growth of appropriations from state tax revenues exceed the estimated rate of growth of the state's economy as determined by law. No appropriation in excess of this limitation shall be made unless the General Assembly shall, by law containing no other subject matter, set forth the dollar amount and the rate by which the limit will be exceeded.

and by substituting instead the following paragraphs:

In no fiscal year shall expenditures of state tax revenues exceed the Constitutional Spending Limitation. No expenditure shall be made in excess of this spending limit during any fiscal year unless, during the twelve-month period immediately preceding such fiscal year, the General Assembly enacts, by a two-thirds (2/3) majority of the total membership of each house, a law containing no other subject matter and specifying the dollar amount and the rate by which the limit will be exceeded during such fiscal year. All state tax revenue collections for the fiscal year, in excess of the limitation and any duly enacted exception to the limit, must be deposited in the Reserve for Revenue Fluctuations until such reserve account equals seven percent (7%) of

estimated state tax revenue expenditures for the fiscal year. Any such excess revenue collections above the amount required to maintain such reserve account at the seven percent (7%) level must be returned to taxpayers through a rate reduction in the tax levied on the retail sale of food and food ingredients for human consumption, as provided by law, within twelve (12) months of the close of the fiscal year. Any law, duly enacted pursuant to this paragraph, authorizing an exception to the spending limit may not remain in effect beyond conclusion of the fiscal year unless the next succeeding General Assembly enacts, by a two-thirds (2/3) majority of the total membership of each house, a law containing no other subject matter and specifying the duration of such previously enacted exception. Under no circumstances do the provisions of this paragraph in any way permit deficit spending as prohibited by the preceding paragraph of this section. As used in this paragraph, the terms "Constitutional Spending Limitation" and "spending limit" mean total state tax revenue expenditures for the fiscal year completed immediately prior to the year in which this amendment is ratified plus the estimated rate of growth of the state's economy, as measured by the rate of the household-consumer inflation for the prior calendar year as determined by the consumer price index, all items, as published by the United States department of labor or its successor agency, plus the net percentage increase in state population occurring during the prior calendar year, as determined by the most recent decennial census as may be adjusted by the population estimates program of the United State bureau of census or its successor agency.

On the books and records of the state treasury, there shall be a reserve account in the general fund to be known as the Reserve for Revenue Fluctuations. Each year, the governor shall include in the budget document and corresponding general appropriations bill an amount to be allocated to such reserve account at least equal to ten percent (10%) of the estimated growth in state tax revenue expenditures for the fiscal year. Such allocation shall be annually included in the budget until the reserve account equals at least seven percent (7%) of estimated state tax revenue expenditures

for the fiscal year. In subsequent budgets, the governor shall include an allocation to the reserve account at least equal to the lesser of:

(1) An amount equal to ten percent (10%) of estimated growth in state tax revenue expenditures; or

(2) An amount sufficient to maintain the reserve account at seven percent (7%) of the estimated state tax revenue appropriations for the fiscal year.

Funds deposited within the Reserve for Revenue Fluctuations do not constitute state tax revenue expenditures for purposes of the Constitutional Spending Limitation; however, funds withdrawn from the reserve account shall constitute state tax revenue expenditures for purposes of the limit.

BE IT FURTHER RESOLVED, that a majority of all the members of each house concurring, as shown by the yeas and nays entered on their journals, that it is proposed that Article II, Section 24, of the Constitution of Tennessee be further amended by deleting the following paragraph:

No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.

and by substituting instead the following paragraph:

No law of general application shall impose increased expenditure requirements on cities or counties unless, within such law, the General Assembly provides that the state shall share in the cost and specifies the portion of the state share and unless, within such law or within the general appropriations act, the state allocates the specified portion.

BE IT FURTHER RESOLVED, that the foregoing amendment be referred to the One Hundred Eighth General Assembly and that this resolution proposing such amendment be published by the Secretary of State in accordance with Article XI, Section 3, of the Constitution of the State of Tennessee.

BE IT FURTHER RESOLVED, that the clerk of the house of representatives is directed to deliver a copy of this resolution to the Secretary of State.